

## **BUDGET Speech/Armondo Pavone**

October 5, 2020

Council President, Councilmembers, and members of the Renton Community,

The past year has been difficult for everyone. We have stayed home and created physical distance from one another.

Businesses have shut their doors and many workers have lost their jobs. Some of us have even lost loved ones to COVID-19. Renton residents and businesses have felt the impact of this pandemic and we at City Hall have had to find new ways to do business.

During these times, I want to assure you that while the city has had to adapt and find new and more efficient ways of doing business, **the city is doing well.**

We are currently providing all our core services. In fact, we continue to set higher goals in the level of service we provide.

We are making sure that residents and businesses are aware of assistance and support that's available to help them recover from the current hardships.

I am pleased to present to you my budget proposal for the 2021-2022 biennium.

First, I want to thank Jan Hawn and her staff for all their work in preparing the budget document that you have received.

And special thanks to our department administrators for their effort and collaborative spirit in preparing this budget.

Throughout the process, they focused on our ability to continue providing quality services citywide as defined in your Business Plan.

Following my comments, Jan will provide you with an overview of the budget and a schedule for the individual department budget proposal presentations.

Thanks to smart and strategic actions delivered by our department heads, we can remain financially strong in the upcoming biennium, not compromise our priorities, and still plan for some of the key areas of focus that are important to our community.

**Our commitment to serving our residents is defined by the city's Business Plan**, and each department operates with these goals in mind.

They are:

- Providing a safe, healthy, vibrant community
- Promoting economic vitality and strategically positioning our community for the future
- Supporting planned growth and influencing decisions to foster environmental sustainability
- Building an inclusive informed city with equitable outcomes for all in support of social, economic, and racial justice for all

- And meeting service demands and providing high quality customer service

**As part of our commitment to being an inclusive informed city with equitable outcomes for all**, this year we specifically strengthened and expanded our strategic goal of inclusion by adding an emphasis of equity, accountability, and community input.

In addition, we have built **strong relationships with leaders** from every ethnic and religious group in our community.

Our internal departments will be working to enhance our systems to improve **access to city purchasing** and contracting services for women- and minority-owned businesses.

And our Human Resources Department has led the region in launching several **new hiring policies** to provide more opportunities for all applicants.

We will continue with an enhanced mandatory **all-employee training** that addresses implicit bias, race and social justice as well as emphasizes high performance.

**Our success with the Census this year has been incredible.**

With our recent count at just under 75%, we have gone from being one of the most undercounted cities in the country to now claiming the top spot in South King County! In fact, we are now one of the top in the country, and the long-term positive impact on our budget because of this increase of funds and resources is very encouraging.

We were able to do this by actively seeking grants from the state and other organizations to help us with our outreach.

Much of the credit goes to our community and members of our task force, the mobilization of Census ambassadors, our partners, and stakeholders. Thank you all.

**In order to build our city for the future, we are investing federal and state funding** where it will make the most difference.

Using **CARES funding**, we have been able to provide significant funding for rental assistance, feeding programs, and business assistance, all of which support our Business Plan.

The City will be allocating \$388,880 in CARES Act rental assistance funding to nine local agencies.

Another \$401,178 in Community Development Block Grants Corona virus funding will be distributed to the Renton Housing Authority, St. Vincent de Paul/St. Anthony's and the Renton Salvation Army Food Bank.

The city has also earmarked \$1,380,000 in CARES grants for 188 qualified small businesses in Renton.

**None** of the challenges in implementing the Business Plan of the City has been more difficult than advancing the City's economic development agenda. With the support of the City Council, committed staff, and strong partnerships with the business and development community, we have not only

persevered but advanced the city's economic development agenda. Within two weeks of the Governor's Stay at Home Order, staff in Community & Economic Department and other departments were completely operational, albeit remotely. This was an incredible feat, and one that could not have been accomplished without the leadership and staff in the Administrative Services and Human Resources Departments.

**The Pandemic has had a catastrophic economic impact on much of the business community.** Restaurants, bars, and other businesses closed under the Governor's Order amid fears and concerns of the future. CED staff resources were redirected and deployed to assist the business community with State and Federal funding applications, enhanced communication and marketing tools, and implementation of new public health guidelines, as well as rental support and assistance.

**For the first time, permits and Land Use Applications are almost entirely processed online.** Engineering and Building Inspectors vehicles have been transformed into offices, and inspections that cannot be performed in person are conducted virtually. The Planning Commission and the Hearing Examiner continue to do their important work and keep the processes moving. Staff communicate, collaborate and meet the daily expectations to support local business, new development and businesses that want to make Renton their home.

Community and Economic Development continues to cross train and work with other departments to streamline our work and find effective ways to ensure the public dollars go further.

These collective efforts are reflected in the initiatives and projects being advanced in 2021/2022 budget cycle. We anticipate the completion of many permitted development projects including the opening of Valley Medical Center's new cancer treatment facility, Top Golf, and the Sunset Terrace Apartments. Two new affordable workforce housing projects, Sunset Oaks and Willowcrest Townhomes, are expected to come online in the coming year.

And multiple investments are being made in our Downtown core, building on the work already underway to rebuild intersections, enhance pedestrian amenities and return two-way travel to our streets. This ongoing work will enhance safety and beautify our historic business district with new lighting, landscape, signage and public art.

Hundreds of millions of dollars have been invested in Renton on new projects that vary from the beautiful Hyatt Regency Hotel at Southport, to new office developments and housing projects.

Partnerships remain a vital part of our successes in furthering the Business Plan. Partnerships with Renton Housing Authority, KCLS, and private developers, plus support from the State Legislature, help us to continue the transformation of the Sunset area into a beautiful new neighborhood, teaming with investment. The opening of the Sunset Neighborhood Park is a testament to what can be achieved in working with long-term partners to build our community.

The Family First Community Center, which will improve the quality of life for thousands of our residents in the Cascade area, is another example of what can be accomplished through strong partnerships. We continue to work with Renton School District, HealthPoint, the Doug Baldwin Foundation, Renton Regional Community Foundation and other generous donors and supporters to make the community center a reality.

**Investing in our infrastructure and capital improvements projects is critical to the long-term health and well-being of our city.**

One of the key priorities that we have identified for the upcoming 2021-22 budget is a North WaterWalk at Gene Coulon Memorial Beach Park. Not only will this provide a significant amenity for our residents and community, but it is also an especially important safety feature for the park.

Another key capital project is a two-way protected bike lane on SE 168<sup>th</sup> Street in the Cascade Benson area that will provide

connection between two schools. This area needs significant infrastructure investment, and this project will highly benefit the community with increased safety and accessibility.

For both these projects, we will seek grant funding from the state.

**Some other transportation priorities include:**

- Finish right-of-way and construction for 405/N. 8th Direct Access Ramp; the cost estimate is approximately \$250M
- 405/167 Area Transit improvements – Grady Way Overcrossing: \$40-\$50M
- Complete the 405/44th Structured Parking: amount TBD
- Rainier/Grady Way Transit Oriented Development Initiative
- King County work on the Renton Extension of Eastrail
- I-405 Renton-to-Bellevue Project

**In Renton, we have committed ourselves to a public safety** strategy that places the safety of our community and the partnership with our residents first. In a time of unprecedented challenges to our City and community, our Police Department remains dedicated to their stated mission: “Working together to provide professional and unbiased law enforcement services to our community”. Throughout the nation, the expectation of law enforcement is to be transparent, accountable and fair. I am confident the Renton Police Department will meet those expectations.



The City of Renton maintains the lowest crime rate in South County cities by using its full complement of police services and partnerships with our community. By providing proactive and responsive resources and programs to address crime and safety issues, Renton often sets the example for others to follow.

There are several examples of how Renton Police work in collaboration with the community to provide such outstanding services. The department's Take Me Home Program is a community-driven program designed for the safe return of loved ones who may have difficulty communicating or may need special assistance during an emergency situation.

Safe Place is an initiative that was born out of a need to address low reporting of anti-LGBTQ+ crimes and school bullying incidents. By partnering with local businesses who will provide a safe place for victims to shelter while a crime is reported, we hope to increase the feeling of, and opportunity for, safety in our community. I would like to thank the members of our Mayors Inclusion Task Force, and in particular Kevin Poole, for bringing the idea to us and supporting our efforts in this program.

Recently, the police department held a series of online polls to create a baseline of interest, concerns, and expectations of the department and what residents feel policing should look like in Renton. With this data, they will now engage the community through a series of forums and discussions specific to the communities of Renton. The goal of this engagement will be to provide education, information, and most importantly, gain

community perspective and feedback on our policies and practices to ensure the department is providing the services our community expects.

Programs and efforts like these make me proud and give me confidence that our police department will not only rise to these necessary challenges but set the example on collaborative community engagement and public safety.

**This balanced budget proposal will** allow us to continue to meet the service needs of our growing community, albeit under some rather challenging circumstances due to revenue losses associated with COVID-19.

Other than the 1% property tax adjustment allowed by state law, this budget does not require any new taxes for the next two years to meet our service level objectives.

This is despite the end of a \$3 million sales tax subsidy we have been receiving from the state for annexing the Cascade/Benson community in 2008, which ended in mid-2018.

**This two-year budget proposal shows** revenue of \$523.8 million, with revenues projected to rebound slightly starting in 2021 after a significant loss of \$16.9 million in 2020 due to COVID-19.

The largest loss of revenue due to COVID is from B&O tax, sales tax, and permit and recreation fees due to closures.

Like all government agencies, we continue to see costs of labor and materials increasing at a higher percentage than revenues.

**With those exceptions, we have been fortunate to have a strong** economy the past several years.

As a result of the revenue loss in 2020 and the undetermined depth or duration of the impacts of COVID-19, we have decided to hold the line and are proposing a baseline budget for 2021. This will help us focus on stabilizing and maintaining core City services at a level that is expected by our residents and businesses while ensuring that the city remains in a financially stable position.

The proposed budget reflects the use of reserves during 2021 and 2022, again due in large part to the impact of COVID-19, but also as a result of the fact that expenditures tend to grow at a higher percentage than revenues. It will be challenging in future years to maintain service levels without new sources of income as we discussed during the 2020 Council retreat.

**As many of you recall,** we reduced our staffing in 2009 to address the impact of the recession, despite significant increases in population. We learned from that experience and it has helped us with our cost containment efforts in 2020 and in planning for this budget cycle.

Again, we are proposing a baseline budget for 2021. There are no new positions proposed for the upcoming biennium.

The only changes proposed for the 2021-2022 Preliminary Budget are due to:

- Amendments to the original Adopted 2019-2020 Budget made during that timeframe.
- Increases to costs for medical and employee benefits.
- A proposed small living adjustment in 2022.

If we continue to work together, I'm confident that we can solidly navigate a city budget and far more important, a pathway to the future that truly reflects our values and our collective love for this phenomenal city.

At this time I'll turn it over to Jan.

Thank you.